

## **SOLAR ENERGY SYSTEM DISCLOSURE DOCUMENT**

This disclosure shall be printed on the front page or cover page of every solar energy contract for the installation of a solar energy system on a residential building.

The TOTAL COST for the solar energy system (including financing and energy / power cost if applicable) is: \$53382

To make a complaint against a contractor who installs this system and/or the home improvement salesperson who sold this system, contact the Contractors State License Board (CSLB) through their website at [www.cslb.ca.gov](http://www.cslb.ca.gov) (search: "complaint form"), by telephone at 800—321—CSLB (2752), by writing to P.O. Box 26000, Sacramento, CA 95826.

If the attached contract was not negotiated at the contractor's place of business, you have a Three—Day Right Cancel the contract, pursuant to Business and Professions Code Section 7159, as noted below. For further details on canceling the contract, see the Notice of Cancellation, which must be included in your contract.

### **Three—Day Right to Cancel**

**You, the buyer, have the right to cancel this contract within three business days. You may cancel by e—mailing, mailing, faxing, or delivering a written notice to the contractor at the contractor's place of business by midnight of the third business day after you received a signed and dated copy of the contract that includes this notice. Include your name, your address, and the date you received the signed copy of the contract and this notice.**

**If you cancel, the contractor must return to you anything you paid within 10 days of receiving the notice of cancellation. For your part, you must make available to the contractor at your residence, in substantially as good condition as**

**you received them, goods delivered to you under this contract or sale. Or, you may, if you wish, comply with the contractor's instructions on how to return the goods at the contractor's expense and risk. If you do make the goods available to the contractor and the contractor does not pick them up within 20 days of the date of your notice of cancellation, you may keep them without any further obligation. If you fail to make the goods available to the contractor, or if you agree to return the goods to the contractor and fail to do so, then you remain liable for performance of all obligations under the contract.**

*This document was developed through coordination of the California Contractors State License Board and the California Public Utilities Commission pursuant to Business and Professions Code section 7159.*

Accepted by (Initials):





## Power Purchase Agreement

Faith House

1697 W. Huntsman Ave. Reedley, CA 93654

**\$0**

Electricity Deposit  
(Due Today)

**\$53382**

Pre-Payment Amount  
(Contract Price due on or  
prior to the System Start  
Date)

**477893 kWh**

Prepaid Output purchased  
(Estimated 20 years' of solar  
electricity for your Property)

**\$0.1117**

\$ Cost per kWh  
(PPA Purchase  
Price)

- ✓ **Comprehensive Warranties:** *Long-term major parts and workmanship warranty coverage.*
- ✓ **Guaranteed Performance:** *If your system does not produce the power output guaranteed during the first six years of the agreement, then we will refund you for the lost power.*
- ✓ **Bonus Electricity:** *When your system over performs during the next six years you get to keep the excess power free of charge.*
- ✓ **Take Charge:** *You get attractive options to take possession of the Solar System, along with all its warranties, too.*
- ✓ **Easy Move:** *You can simply transfer this to anyone buying your Property.*



**HDMCAPITAL**

Renewable Energy Financing



## 1. Introduction

You are entering into this Solar Power Service agreement ("Agreement") with HDM Capital, LLC together with its successors and assigns, ("HDMC"). You represent that you are at least eighteen (18) years of age, that you are the owner of the property located at 1697 W. Huntsman Ave. Reedley, CA 93654 ("Property"), and that your current utility is PG&E. You further represent that every person or entity with an ownership interest in the Property has agreed to be bound by this Agreement and is listed on the signature page of this Agreement.

You may contact HDMC by e-mail at [customerservice@hdmcap.com](mailto:customerservice@hdmcap.com) or by telephone at 1-800-836-5954. HDMC will arrange for the design, permitting, construction, installation, testing, and activation of a solar photovoltaic system ("Solar System") to be located on the roof of your house and/or grounds of the Property.

You agree to allow HDMC and/or its contractors to install and maintain the Solar System on the grounds and/or roof of the Property at a specific location to be approved by HDMC. During the Term, HDMC agrees to provide you electric energy from the Solar System under the terms and conditions contained in this Agreement and you agree to purchase all electric energy generated by the Solar System at the price and on the terms specified in this Agreement.

You agree that prior to entering into this Agreement you received, read, and understood the disclosure documents required by law and by industry best practice incorporated into this Agreement. For more information about residential solar please consult the Solar Energy Industries Association's Solar Consumer Resource Portal at <https://www.seia.org/research-resources/residential-consumer-guide-solar-power> before signing this Agreement.

## 2. Solar System

- (a) Once installed, HDMC will operate, maintain and monitor the Solar System to generate electric energy in accordance with prudent utility practices for use at the Property ("HDMC's Obligations") in accordance with the terms and conditions of this Agreement.
- (b) You acknowledge and agree that:
  - (i) Unless the Solar System is purchased pursuant to Section 8 hereof, HDMC will own the Solar System and you will have no ownership interest in the Solar System. While the Solar System will be "permanently fixed" to the Property, as required by Section 5899.2 of the California Streets and Highways Code, it shall remain the personal property of HDMC and shall not be considered for any purposes to be a "fixture" or otherwise a part of your Property.
  - (ii) The Solar System will not be subject to any lien, security interest, claim, mortgage or deed of trust that may be imposed on or assessed against your interest in the Property, or any other property belonging to you. You will have no right to sell, give away, transfer, pledge, remove, relocate, alter, disconnect or tamper with the Solar System at any time as long as this Agreement remains in effect, even if HDMC is in default of its obligations under this Agreement. As such, HDMC will not apply a lien to your title for the Property. HDMC will file any UCC-1, which confirms its ownership of the Solar System, and a Notice of an Independent Solar Energy Producer Contract that is required by California law. If you separately arrange for PACE financing, then, notwithstanding the foregoing, the sponsor of the PACE program, (the "PACE Program Sponsor") will apply a PACE assessment lien on your property as provided in the agreements that you sign to obtain the PACE financing, which lien shall be permitted under this Agreement.
  - (iii) You agree to pay any applicable Taxes related to this Agreement. If you exercise your purchase option rights of this Agreement, then you agree to pay any applicable Tax (including transfer and property taxes), on the purchase price for the Solar System. You also agree to pay as invoiced any applicable personal or real property taxes on the Solar System that your local jurisdiction may levy during the Term. Taxes" means any federal, state and local ad valorem, property, occupation, generation, privilege, sales, use, consumption, excise, transaction, and



other taxes, regulatory fees, surcharges or other similar charges, but shall not include any income taxes or similar taxes imposed on Seller's revenues due to the sale of energy under this Agreement, which shall be Seller's responsibility.

- (iv) The parties intend this Agreement (including all Exhibits) to be a "service contract" within the meaning of Section 7701(e) of the Internal Revenue Code of 1986. The parties acknowledge and agree that for accounting and tax purposes, this Agreement is not and shall not be construed as a lease and, pursuant to Section 7701(e) of the Internal Revenue Code of 1986, this Agreement is and shall be treated by each party as a service contract for the sale electric energy generated by the Solar System. You will not take the position on any tax return or in any other filings suggesting that it is anything other than a purchase of electric energy from the Solar System. No provision of this Agreement shall be construed or represented as creating a partnership, trust, joint venture, fiduciary or any similar relationship between the parties. No party is authorized to act on behalf of the other Party, and neither shall be considered the agent of the other.
- (v) The Solar System will be an "eligible renewal energy resource" under the California Renewables Portfolio Standard Program.
- (vi) You agree that the Solar System will be used primarily for household and general operating purposes, but not to heat a swimming pool.
- (c) HDMC will be responsible for all costs and expenses related to performing HDMC's Obligations. You agree that HDMC has the authority and discretion to use contractors or agents to perform or assist HDMC in performing HDMC's Obligations.
- (d) You agree that HDMC, at its own expense, will install, maintain, and periodically test a meter at the Property that will measure the amount of electric energy delivered to you from the Solar System in accordance with the terms of this Agreement. You agree not to tamper with, damage or modify the meter or its data connection in any way. You will be responsible for any damage or inaccuracies in the meter that are caused by you or any other person unrelated to HDMC who may come onto the Property with your knowledge or permission. Any damage caused to the meter or its data connection by you or any other person unrelated to HDMC will immediately and irrevocably cancel HDMC's obligations in Section 3 of this Agreement.

### **3. Performance Guarantee**

- (a) HDMC estimates that the Solar System will be capable of generating 477893 kilowatt-hours (kWh) of electric energy during the Initial Term (i.e., the "Prepaid Output").
- (b) HDMC estimates that the Solar System will be capable of generating 25642 kWh of electric energy during its first year of operation. Actual production may vary due to natural variation in weather patterns, the physical specifications of the Property's roof(s), the required placement of the Solar System on your roof, and other conditions. Please refer to Exhibit A for the annual estimated generation of the Solar System at your Property.
- (c) Subject to the conditions set forth in this Section 3, HDMC guarantees that the Solar System will generate at least 135896 kWh during the six year period following the date on which your Utility grants permission to operate the Solar System (the "System Start Date") as set forth in Exhibit A, which is equal to ninety percent (90%) of the estimated generation of the Solar System during this six year period, (the "Six Year Guaranteed Output").
- (d) Within sixty (60) days of the sixth (6<sup>th</sup>) anniversary of the System Start Date (the "Sixth Anniversary"), HDMC will calculate the "Actual Amount" of electric energy delivered by the Solar System as of the Sixth Anniversary. Subject to this Section 3(c) if the Actual Amount is less than the Six Year Guaranteed Output, HDMC will issue you, at your option, either a refund or a credit against the Purchase Price. The refund or credit is calculated by subtracting the Actual Amount of electric energy delivered during the period from the



Six Year Guaranteed Output times the PPA Purchase Price per kWh times one plus the medium-term Applicable Federal Rate. The Applicable Federal Rate is used to calculate interest due to you. Applicable Federal Rates are published by the Internal Revenue Service monthly. If the Solar System is damaged, destroyed, or stolen and HDMC receives insurance proceeds to replace the value of the Solar System, then at its option HDMC shall either replace the Solar System or refund you an amount equal the Prepaid Output less the Actual Amount times PPA Purchase Price per kWh times one plus the medium-term Applicable Federal Rate. HDMC will not be obligated under any circumstances for special, punitive, or other damages or the increase in cost (if any) of electricity provided by a third party including your electric utility.

Notwithstanding the foregoing, HDMC will not issue you a refund or credit for any Solar System underproduction resulting from any system failure or lost production caused by reasons other than (a) a Solar System defect, (b) shading due to the weather or (c) shading conditions that were present at the Property at the commencement of installation of the Solar System. For the avoidance of doubt, HDMC will not issue you a refund or credit for underproduction arising from any of the following:

- i. Underproduction arising from your failure to comply with your obligations under the Agreement;
- ii. Underproduction arising from shading conditions (other than weather) different from those that were present at the Property at the commencement of installation of the Solar System;
- iii. Underproduction as a result of an electric grid failure disabling the Solar System;
- iv. Underproduction arising from you causing or requesting the Solar System to be shut down or to generate significantly less electric energy; and
- v. Underproduction arising from damage to the Solar System caused by foreign objects, whether natural or manmade, acting on the Solar System (e.g. hail, golf balls, dirt, etc.).

HDMC makes no other representation, warranty or guarantee of any kind regarding the Solar System's actual or expected electric energy output or performance and any other implied warranties are hereby disclaimed.

- (e) If, as of twenty-fifth anniversary (25<sup>th</sup>) of the System Start Date, Prepaid Output has not been generated by the Solar System and delivered to you, you may choose to (i) cause the term of this Agreement to continue until such time as the Prepaid Output has been generated or (ii) terminate this Agreement and cause HDMC to either issue you (a) a refund or (b) a credit against the Purchase Price. If you elect option (ii), the refund or credit will be calculated by subtracting the electric energy delivered as of twenty-fifth (25<sup>th</sup>) anniversary of the System Start Date from the Prepaid Output, and multiplying the result by the PPA Purchase Price per kWh times one plus the medium-term Applicable Federal Rate.

#### **4. Design and Installation**

- (a) The primary equipment used for the Solar System includes a series of interconnected photovoltaic panels, an inverter, racking materials, and a production meter. Other materials generally used as "balance of system" are disconnects, breakers, load centers, wires, and conduit, among other parts. The design for the Solar System will be presented to you prior to installation. You will have five (5) business days following this presentation to request a change or cancel this Agreement pursuant to Section 5(a). With your written approval, Solar System installation may begin at any time.
- (b) If you wish to change the design or installation process, HDMC will use commercially reasonable efforts to accommodate your request (see Section 5 regarding Extra Work and Change Orders). We reserve the right to terminate this agreement if we are not able to reach agreement after fifteen (15) days.
- (c) If an obligation excluded from this Agreement in Section 18 must be performed in order to properly effect the installation of the Solar System, we will promptly give you notice prior to payment by you of the Prepayment Amount and you may choose to accept or reject such required work in writing or by electronic mail (See



Section 5 regarding Extra Work and Change Orders). You agree to contract separately, and at your own expense, with a contractor who has been designated or approved by HDMC to perform such obligation. In this instance, HDMC will not unreasonably withhold such approval.

- (d) HDMC will arrange to obtain any permits needed for installation of the Solar System. You agree to cooperate with HDMC and assist HDMC in obtaining any permits needed, including the NEM Service application in Section 6(a). You agree to complete and return to HDMC and/or its representatives, as appropriate, all applicable rebate documentation and, where applicable, Renewable Energy Credit documentation, upon request and following the System Start Date. If you do not return the rebate or Renewable Energy Credit documentation, HDMC may invoice you for the Final Rebate amount (as defined in Section 5(a)(iii)).
- (e) During the Term, you agree to maintain the Property, at your expense, such that the Solar System retains shading conditions present at the time of Installation.
- (f) HDMC, its contractors and agents shall, during the construction period, at the end of each business day keep the Property reasonably free from waste materials or rubbish caused by their operations. Prior to the System Start Date, HDMC and its agents shall remove all of their tools, construction/installation equipment, machinery, waste materials and rubbish from and around the Property.
- (g) Subject to the exclusions set forth in Section 18, HDMC will return your Property to a condition similar to its original condition, provided that you notify HDMC in writing or by e-mail of any deficiencies in restoration within five (5) business days of the System Start Date.

## **5. Changes to the Agreement**

- (a) Prior to payment by you of the Prepayment Amount, the following conditions may change the expected costs and benefits of this Solar System to both you and HDMC:
  - (i) Change to the design of your Solar System;
  - (ii) Change in the system's annual energy production estimate, expressed in kilowatt-hours (kWh), provided by the US Department of Energy's National Renewable Energy Laboratory PVWatts Calculator ("PVWatts calculator") or equivalent energy production estimate tool ("Final Year One Production Estimate");
  - (iii) Change in the final rebate amount associated with installing the Solar System ("Final Rebate") or any change in your applicable tariff (including any changes to net metering); and/or
  - (iv) The availability of cellular service at the Property.
- (b) If any of these conditions occur, HDMC may choose to modify the terms of this Agreement or cancel the Agreement. HDMC may change the design of your Solar System. If HDMC chooses to modify the terms, then HDMC will notify you in writing and you will have five (5) business days to accept the modified terms or cancel this Agreement. If you do not respond to HDMC within five (5) business days, then HDMC may deem you to have cancelled the Agreement. Extra work and Change Orders become part of the contract once the Change Order is prepared in writing and signed by the parties prior to the commencement of work covered by the Change Order. In order to be enforceable, the order must describe the scope of the extra work or change and the cost to be added or subtracted from the contract.
- (c) You may choose to accept or reject changes under this Section 5 in writing or by e-mail.
- (d) If for a period of one hundred eighty (180) days HDMC fails to perform its obligations required to commence installation of the Solar System and you have fulfilled all of your obligations under this Agreement, then you may cancel this Agreement, as long as your Property was accessible and in a state fully ready to permit the installation of the Solar System. It is your obligation to exercise reasonable efforts to respond to HDMC in a timely manner on questions and requests for approvals and/or appointments. If you cause installation of the Solar System to be delayed in excess of thirty (30) days due to your unresponsiveness, then HDMC



may cancel this Agreement.

## **6. Purchase and Sale of Electricity**

- (a) As of the System Start Date, you must be taking service from the Standard Net Metering Service or its equivalent ("NEM Service") from your local utility ("Utility"). You agree that you will continue to take NEM Service for as long as this Agreement is in effect. You agree to use the NEM Service currently in effect for this Utility or, in the event that the NEM Service is no longer in effect, you agree to use a substitute metering program as chosen by HDMC. You agree to execute all documentation associated with NEM Service, or any substitute metering service, and any refund, credit, or rebate program promptly at the request of HDMC, its affiliates, and/or the Utility. And you appoint HDMC as your limited power of attorney specifically for this reason to execute any such replacement agreements.
- (b) HDMC agrees to sell to you, and you agree to purchase from HDMC, all electric energy produced by the Solar System. All electric energy produced by the Solar System will be made available to you (or any subsequent owner of the Property) for use at the Property.
- (c) If at any time you need more electric energy than is being produced by the Solar System ("Supplemental Energy"), you will be solely responsible for purchasing that electric energy from another supplier, such as your Utility. During the term of this Agreement you should expect to purchase Supplemental Energy from your Utility. Depending on the terms of your NEM Service, the Utility will bill you either annually or monthly. HDMC will not be in default of this Agreement and will not be responsible for any Supplemental Energy you purchase to complement the electric energy produced by the Solar System.
- (d) You agree that title to and risk of loss for the electric energy purchased under this Agreement shall pass from HDMC to you at the time when the electric energy reaches the point of interconnection, i.e., at the point where the Solar System connects to the Property's connection to your Utility.
- (e) YOU UNDERSTAND AND AGREE THAT ANY AND ALL FEDERAL TAX CREDITS, DEPRECIATION BENEFITS, INCENTIVES, RENEWABLE ENERGY CREDITS, GREEN TAGS, CARBON OFFSET CREDITS, UTILITY REBATES, OR ANY OTHER NON-ENERGY ATTRIBUTES OF THE SOLAR SYSTEM ARE THE PROPERTY OF AND FOR THE BENEFIT OF HDMC, USABLE AT ITS SOLE DISCRETION. HDMC SHALL HAVE THE EXCLUSIVE RIGHT TO ENJOY AND USE ALL SUCH BENEFITS, WHETHER SUCH BENEFITS EXIST NOW OR IN THE FUTURE. YOU AGREE TO REASONABLY COOPERATE WITH HDMC SO THAT IT MAY CLAIM ANY SUCH BENEFITS FROM THE SOLAR SYSTEM. THIS MAY INCLUDE, TO THE EXTENT ALLOWABLE BY LAW, ENTERING INTO NET METERING AGREEMENTS, INTERCONNECTION AGREEMENTS, AND FILING RENEWABLE ENERGY/CARBON OFFSET CREDIT REGISTRATIONS AND/OR APPLICATIONS FOR REBATES FROM THE FEDERAL, STATE, OR LOCAL GOVERNMENT OR A LOCAL UTILITY AND GIVING THESE TAX CREDITS, RENEWABLE ENERGY/CARBON CREDITS, REBATES, OR OTHER BENEFITS TO HDMC.

## **7. Billing and Payment**

- (a) You will pay the amount of the Prepayment Amount to HDMC on or prior to the System Start Date. If you are approved for financing from a third-party, then you will use the proceeds from the closing of your financing to make the Prepayment Amount. If you are denied financing by a third-party, then you may pay the Prepayment Amount by money order or a check drawn on a United States bank account or you may terminate this Agreement by providing notice of rescission within three days of learning of the denial of financing.
- (b) During the Additional Term or Second Additional Term, if any, HDMC will mail or e-mail you an invoice no later than ten (10) days after the end of each billing cycle. You agree to pay the amount specified in each invoice by the due date specified in such invoice. If HDMC does not receive your payment by the due date on the invoice, then HDMC may charge you the lesser of an administrative late fee of (i) one and a half



(1.5%) percent per month on the portion of your balance that is more than thirty (30) days past due, or (ii) the maximum amount permitted under and subject to applicable law. This late fee is not an interest charge, finance charge, time price differential or other such charge or payment of a similar nature.

## **8. Purchase of the Solar System**

(a) You have the option to purchase the Solar System when the following events have occurred (each such date, an "Option Date"):

- (i) Within sixty (60) days following the Sixth Anniversary;
- (ii) Within sixty (60) days following seventy-five percent (75%) of the Prepaid Output has been delivered;
- (iii) Within sixty (60) days following one hundred percent (100%) of the Prepaid Output has been delivered; and
- (iv) As early as thirty (30) days prior to selling your Property during the Initial Term;

provided, with respect to clauses (ii), (iii), and (iv), the Option Date may not occur earlier than the Sixth Anniversary.

(b) No later than fifteen (15) days prior to the Sixth Anniversary and promptly upon its knowledge of the occurrence of any Option Dates listed in Section 8(a), HDMC will deliver to you a statement (the "Transfer Notice") specifying the FMV of the Solar System and the projected Remaining Amount as of the Option Date. To purchase the Solar System pursuant to Section 8(a), you must deliver a written notice to HDMC of your intent to purchase the Solar System within sixty (60) days of the applicable Option Date and deliver payment to HDMC within thirty (30) days of the Transfer Notice.

(c) If you elect to purchase the Solar System, in accordance with Federal law the purchase price will be equal to the fair market value of the Solar System, as determined at the time ("FMV"). HDMC will prepare a valuation of the Solar System to determine the FMV. The valuation will take into account the Solar System's age; location; size; and other market characteristics such as equipment type and equipment operating, maintenance and service costs, value of electricity in your area, and any applicable solar incentives. HDMC will credit against the purchase price any amounts representing that portion of the Prepayment Amount corresponding to Prepaid Output yet to be delivered from the Solar System (the "Remaining Amount"). The Remaining Amount shall be calculated by subtracting the electric energy delivered as of Option Date from the Prepaid Output, and multiplying the result by the PPA Purchase Price per kWh times one plus the medium-term Applicable Federal Rate. The documents required to effect the transfer of the Solar System pursuant to this Section 8 will be included with Transfer Notice that HDMC sends to you.

(d) If the Remaining Amount is greater than the FMV, you may elect to revoke your note of intent to purchase the Solar System.

(e) Upon such transfer of the Solar System to you pursuant to this Section 8, this Agreement will automatically terminate including HDMC's Obligations to insure, monitor, operate, and maintain the Solar System, all workmanship and equipment manufacturer warranties included with the Solar System will automatically be assigned to you and you will own and be fully responsible for the Solar System.

(f) Neither your purchase of the Solar System nor any payments you make to HDMC will affect your obligations under any financing. You will remain obligated to make all payments under your financing agreement (whether through PACE financing or otherwise) until the related assessment or financing has been paid in full.

## **9. Administration Fee**

(a) An annual administration fee is required under this Agreement. The first six years of the administration fee are included as part of the Prepayment Amount. If you do not elect to purchase the Solar System pursuant to Section 8(a)(i), an annual administration fee will be billed to you on first day of the month following the



Sixth Anniversary and for each 12-month period thereafter until the Solar System is either (1) purchased pursuant to Section 8(a) or (2) the Second Additional Term or Second Easement Period has expired pursuant to Section 11(c). The initial fee will be determined by multiplying the size of the Solar System measured in kW DC by \$18.00. For example, if the size of the Solar System is 6.00 kW DC, the initial annual administration fee would be \$108.00. The fee will be due and fully-earned within sixty (60) days of each anniversary, will be non-refundable and will escalate by two (2) percent annually.

#### **10. Sale of Property and Assignment**

- (a) If you sell the Property you may assign this Agreement to the new owner, provided that the new owner first agrees in writing to be bound by all of the terms and conditions set forth in this Agreement. Notwithstanding the foregoing, if you sell the Property prior the Sixth Anniversary, you must assign this Agreement to the new owner. Please contact HDMC to obtain an assignment agreement. Please note that HDMC charges a two hundred fifty dollars (\$250.00) fee to cover its cost of facilitating the transfer of this Agreement. Whether or not this Agreement is assigned as contemplated in this Section 9(a), the right to receive the electricity from the Solar System, through this Agreement shall automatically be transferred with the title to the Property whether the title is transferred by voluntary sale, judicial or nonjudicial foreclosure, or by any other means. In the event of such a transfer without an assignment of this Agreement you will exercise your best efforts to obtain an assignment of this Agreement to the new owner of the Property as soon as possible.
- (b) After the Sixth Anniversary, within sixty (60) days of entering into a contract to sell the Property, you will have the option to purchase the Solar System in accordance with Section 8.
- (c) If you sell or otherwise transfer your interest in the Property in violation of the provisions of this Agreement, then you will be deemed to have breached this Agreement, and HDMC may exercise its rights under Section 17(a).
- (d) HDMC may assign, lease, sublease, or transfer the Solar System and this Agreement along with all rights and obligations hereunder to any third-party (each, an "Assignee"), without first giving notice to you or obtaining your consent, for any purpose, including, without limitation, collection of unpaid amounts, financing of the Solar System's installation, or in the event of an acquisition, corporate reorganization, merger or sale of substantially all of its assets to another entity. If HDMC or its Assignee chooses to transfer the Solar System or this Agreement to another party, then you agree to treat this other party as your counterparty under this Agreement.
- (e) Neither HDMC nor any assignee or other successor in interest to the ownership of the Solar System shall remove or permanently decommission the Solar System during the Term of this Agreement. HDMC shall cause any instruments of assignment, succession or transfer of the Solar System to contain the foregoing covenant.
- (f) HDMC warrants and covenants to you that no assignee, creditor, partner or owner of the Solar System has, as of the date of this Agreement or during the Term, the right to remove or permanently decommission the Solar System.

#### **11. Term and Termination**

- (a) You agree that this Agreement will only become effective when both you and HDMC have signed the Agreement.
- (b) After the System Start Date, this Agreement will continue in effect until the Prepaid Output has been generated by the Solar System and delivered to you, which, based on the Solar System design, is estimated occur before the twenty-first annual anniversary of the System Start Date. This period shall be called the "Initial Term."
- (c) At the end of the Initial Term, you may purchase the Solar System in accordance with Section 8, extend the Agreement for an additional term of five (5) years ("Additional Term") by agreeing to purchase electricity from the Solar System at the PPA Purchase Price per kWh. If you have not purchased the Solar System



nor elected to extend this Agreement for the Additional Term, then HDMC may elect to operate the Solar System at the Property for a period of up to five (5) years ("Easement Period") and, for consideration previously provided, you will grant HDMC an easement on the Property for this purpose. During the Easement Period the electricity generated by the Solar System is owned by HDMC and you will have no right, title, or interest to electricity nor the proceeds from its sale to any third party by HDMC nor obligation to operate, maintain, and insure the Solar System. At the end Additional Term or Easement Period, you may extend the Agreement for a second additional term of five (5) years ("Second Additional Term") by agreeing to purchase electricity from the Solar System at the PPA Purchase Price per kWh. If you have not purchased the Solar System nor elected to extend this Agreement for the Additional Term, then HDMC may elect to operate the Solar System at the Property for another period of up to five (5) years ("Second Easement Period") and, for consideration previously provided, you will grant HDMC an easement on the Property for this purpose. During the Second Easement Period the electricity generated by the Solar System is owned by HDMC and you will have no right, title, or interest to electricity nor the proceeds from its sale to any third party by HDMC nor obligation to operate, maintain, and insure the Solar System. At the end of the Second Additional Term or Second Easement Period, HDMC will remove the Solar System at no cost to you and leave your Property in the same general condition that existed immediately prior to removal of the Solar System.

- (d) This Agreement will terminate including HDMC's Obligations to insure, monitor and maintain the Solar System upon the closing of your purchase of the Solar System pursuant to Section 8.
- (e) The Initial Term, Additional Term, Easement Period, Second Additional Term, and Second Easement Periods are collective referred to in this Agreement as the "Term."

## **12. Access, Maintenance and Repair**

- (a) You agree to grant HDMC or its contractors access to your Property for the purpose of designing, installing, operating, maintaining and testing the Solar System and performing HDMC's Obligations. HDMC agrees to give you reasonable notice when HDMC needs to access your Property for any of the foregoing purposes and will endeavor to restrict such access to normal business hours.
- (b) When possible, you agree to allow HDMC and construction professionals (an engineer, architect, or licensed contractor or their representative) hired by HDMC to access your Property to inspect any buildings and, if applicable, roofs prior to the installation of the Solar System to ensure that your Property can accommodate the Solar System.
- (c) During the Initial Term, HDMC will operate, maintain, and monitor the Solar System to deliver the Prepaid Output, provided you have not purchased the Solar System pursuant to Section 8. During the initial term, HDMC will be responsible for monitoring the Solar System and servicing the Solar System warranties, which include (i) the ten-year (10) Materials and Workmanship Warranty, provided by the installer of the Solar System; (ii) the twenty-year (20) solar panel equipment warranty and performance guarantee from the manufacturer of the panels included in the Solar System; and (iii) the twenty-year (20) inverter equipment warranty.
- (d) During the Initial Term, if you plan to move or temporarily disconnect the Solar System to allow for maintenance of and/or repair to the Property, then you agree, at your expense, either (i) to hire HDMC to perform this work or (ii) to obtain HDMC's approval of your contractor, provided however that the original installer of the Solar System for HDMC is approved to provide maintenance and repair of the Solar System unless HDMC provides you notice that installer may not perform work on the Solar System.
- (e) You agree to make best efforts to provide a safe and secure work environment at your Property during the course of the Solar System installation and maintenance.
- (f) Upon the transfer of the Solar System to you pursuant to Section 8, HDMC's Obligations to insure, monitor and maintain the Solar System will terminate, all workmanship and equipment manufacturer warranties



included with the Solar System will automatically be assigned to you, and you will own and be fully responsible for the Solar System.

### **13. Insurance**

- (a) HDMC agrees to carry insurance that covers all damage to and theft of HDMC's Solar System. HDMC agrees to provide you evidence of HDMC's insurance policy for the Solar System upon request. If HDMC does not maintain insurance that covers damage to HDMC's Solar System, then HDMC will be responsible for the consequences of not maintaining such insurance.
- (b) You agree to carry insurance that covers all damage to your Property during the term of this Agreement, provided such damage was not caused by the gross negligence of HDMC. You agree that you are responsible for contacting your insurance carrier and inquiring as to whether the installation of the Solar System will impact your existing coverage. If additional insurance is required to maintain your existing coverage, then you will be responsible for either (i) procuring and maintaining such insurance or (ii) the consequences of not procuring and maintaining such insurance. You agree to provide HDMC with evidence of any such required insurance from time to time.
- (c) HDMC requires its contractors performing the Solar System installation to maintain insurance coverage as follows: workers compensation, subject to statutory limits; Employers liability, with a minimum of one million (\$1,000,000) dollars each occurrence; commercial general liability, in an amount not less than one million (\$1,000,000) dollars per occurrence and two million (\$2,000,000) dollars annual aggregate; commercial automobile liability, in an amount not less than a combined bodily injury and property damage limit of one million (\$1,000,000) dollars per accident; excess liability insurance with a limit of one million (\$1,000,000) dollars per occurrence and in the annual aggregate in excess of the limits of insurance provided above; and any other insurance required by applicable laws or regulations.
- (d) Commercial General Liability Insurance ("CGL"). HDMC carries commercial general liability insurance. Additionally, HDMC requires its contractors to maintain CGL and workers compensation insurance, as fully described in subsection (c) of this Section 12.

### **14. Limitations of Liability**


- (a) HDMC WILL BE LIABLE TO YOU AND ANY OTHER PERSON FOR DAMAGES OR LOSSES DIRECTLY ATTRIBUTABLE TO ITS NEGLIGENCE OR WILLFUL MISCONDUCT. TOTAL LIABILITY FOR SUCH DIRECT DAMAGES OR LOSSES WILL IN NO EVENT EXCEED THE PREPAYMENT AMOUNT AND OTHER AMOUNTS PAID BY CUSTOMER TO HDMC PURSUANT TO THIS AGREEMENT. TO THE FULLEST EXTENT ALLOWED BY LAW THIS WILL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR EQUITY ARE WAIVED, EVEN IF YOU HAVE GREATER RIGHTS UNDER CALIFORNIA'S LAWS, WHICH YOU SHOULD CONSULT. TO THE FULLEST EXTENT ALLOWED BY LAW HDMC IS NOT RESPONSIBLE FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR LOSSES RELATING TO THIS AGREEMENT, IN TORT OR CONTRACT, INCLUDING ANY NEGLIGENCE OR OTHERWISE.
- (b) EXCEPT AS EXPRESSLY PROVIDED HEREIN, HDMC MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, REGARDING ITS OBLIGATIONS OR THE SOLAR SYSTEM. THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED.

### **15. Resolution of Disputes**

- (a) You agree that to expedite the resolution of and to control the costs of disputes, resolution of any dispute relating to this Agreement ("Dispute"), will be resolved according to the procedure set forth in this Section 14.
- (b) Unless otherwise agreed in writing, HDMC and you agree to continue to perform each party's respective obligations under this Agreement during the course of the resolution of the Dispute.



- (c) You and HDMC agree to first try to resolve informally and in good faith any Dispute. Accordingly, you agree to send a written notice of Dispute to the address on the first page of this Agreement, and HDMC will send a written notice of Dispute to your billing address. If you and HDMC do not reach an informal agreement to resolve the Dispute within forty five (45) days after the notice of Dispute is received, you or HDMC may commence a formal proceeding as detailed below. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled for the forty five (45) days during which the parties try to informally resolve any Dispute.
- (d) If HDMC and you cannot resolve the Dispute informally, the Dispute will be resolved by binding arbitration. ARBITRATION MEANS YOU WAIVE YOUR RIGHT TO A JURY TRIAL AND ALL DISPUTES SHALL BE DECIDED BY AN ARBITRATOR. This agreement to arbitrate Disputes is governed by the Federal Arbitration Act ("FAA"). The arbitration will be conducted under the rules of JAMS that are in effect at the time the arbitration is initiated ("JAMS Rules") and under the rules set forth in this Agreement. If there is a conflict between the JAMS Rules and this Agreement, this Agreement will govern.
- (e) CLASS ACTION WAIVER. ARBITRATION MUST BE ON AN INDIVIDUAL BASIS. AS A RESULT, NEITHER YOU NOR HDMC MAY JOIN OR CONSOLIDATE CLAIMS IN ARBITRATION BY OR AGAINST OTHER CUSTOMERS, OR LITIGATE IN COURT OR ARBITRATE ANY CLAIMS AS A REPRESENTATIVE OR MEMBER OF A CLASS OR IN A PRIVATE ATTORNEY GENERAL CAPACITY.
- (f) You may, in arbitration, seek all remedies available to you under this Agreement as interpreted under California law. If you decide to initiate arbitration against HDMC, HDMC will pay the costs for initiating the arbitration proceedings up to \$500.00 in total. If HDMC decides to initiate arbitration, HDMC will be required to pay the costs associated with initiating the arbitration proceeding. Other fees, such as attorneys' fees and expenses of travel to the arbitration, will be paid in accordance with JAMS Rules. The arbitration hearing will take place in the federal judicial district of your residence, unless you and HDMC agree to another location in writing. In order to initiate arbitration proceedings, you or HDMC must take the following actions:
  - (i) Write a demand for arbitration. The demand must include a description of the Dispute and the amount of damages you are seeking. The form of Demand for Arbitration can be found under ADR Forms at [www.jamsadr.com](http://www.jamsadr.com).
  - (ii) Send three copies of the demand for arbitration to the current JAMS location in San Francisco, California.
  - (iii) Send one copy of the demand for arbitration to the other party.
- (g) In accordance with the FAA and the JAMS Rules, the arbitrator's decision will be final and binding. Any right to appeal is likewise governed by the FAA and JAMS Rules. Any arbitration award may be enforced in any court with jurisdiction.
- (h) You and HDMC agree to receive service of process of the arbitration demand by registered or certified mail, return receipt requested, at your billing address and HDMC's principal executive office, as applicable.

Accepted by (Initials): **16. Force Majeure**

- (a) Neither you nor HDMC will be in default of this Agreement for any delay or failure in the performance under this Agreement (including any obligation to deliver or accept the electric energy output of the Solar System) if the delay or failure is due to Force Majeure. Force Majeure includes acts of God such as storms, fires, floods, lightning and earthquakes, sabotage or destruction by a third party of the Solar Facilities, war, riot, acts of a public enemy or other civil disturbance, or a strike, walkout, lockout or other significant labor dispute or any event declared a state of emergency the President of the United States or Governor of the state where the Solar System is located. Force Majeure does not include economic hardship of either you or HDMC, a power grid failure (except if caused directly by a Force Majeure event), a failure or delay in the



granting of permits, or insufficiency, unavailability, failure, or diminishment of solar resources, except as a result of an event that would otherwise qualify as a Force Majeure.

- (b) Force Majeure cannot be attributable to fault or negligence on the part of the party claiming Force Majeure and must be caused by things beyond that party's reasonable control. Additionally, the party claiming Force Majeure must have taken reasonable technical and commercial precautions to prevent the negative impact of the event.
- (c) In order to claim Force Majeure as a reason for non-performance, you or HDMC must give notice to the other party of the Force Majeure within fourteen (14) days of the occurrence of the Force Majeure and estimate how long it will last and what the potential impact is on the Agreement. The party claiming Force Majeure must (i) make reasonable attempts to continue to perform under the Agreement, (ii) quickly take action to correct the problem caused by the Force Majeure, and (iii) make reasonable efforts to limit damage to the other party. Finally, the party claiming Force Majeure must notify the other party when the Force Majeure event ends and performance will resume as contemplated in this Agreement.

#### **17. Your Remedies**

- (a) In addition to any other remedies you have under this Agreement if HDMC (i) makes a general assignment for the benefit of creditors, files a petition in bankruptcy, appoints a trustee or receiver, or has all or substantially all of its assets subject to attachment, execution or other judicial seizure, or (ii) fails to perform an obligation under the Agreement and such failure continues beyond a period of ninety (90) days after you provide notice of such failure to HDMC (provided, in each case, this Agreement is otherwise in full force and effect prior to such event), you will have the right to terminate this Agreement, purchase the Solar System as set forth in Section 8(a), and/or use any other remedy available to you in this Agreement or granted by law or equity.
- (b) HDMC agrees that, if (A) HDMC (i) makes a general assignment for the benefit of creditors, files a petition in bankruptcy, appoints a trustee or receiver, or has all or substantially all of its assets subject to attachment, execution or other judicial seizure, or (ii) fails to perform an obligation under the Agreement and such failure continues beyond a period of ninety (90) days (provided, in each case, this Agreement is otherwise in full force and effect prior to such event), and (B) you elect to exercise the purchase option granted pursuant to Section 8(a), then you also shall be entitled to liquidated damages in an amount equal to the difference between (x) the price at which the Solar System may be purchased pursuant to Section 8 hereof, and (y) the value of the Prepayment Amount that you have made to HDMC which corresponds to electric energy not yet produced. Such liquidated damages payable to you pursuant to this Section 16(b) shall be taken into account and credited against the amount payable by you to acquire the Solar System.

#### **18. HDMC's Rights and Remedies**

- (a) If you (i) fail to perform a material obligation under the Agreement, and you do not correct the failure within one hundred twenty (120) days, (ii) make a general assignment for the benefit of creditors, file a petition in bankruptcy, appoint a trustee or receiver or have all or substantially all of your assets subject to attachment, execution or other judicial seizure, or you become insolvent or unable to pay your debts, or (iii) vacate or abandon the Property, you shall be deemed in default of this Agreement.
- (b) If you (i) terminate this Agreement without also purchasing the Solar System or (ii) are deemed in default of this Agreement, HDMC shall, subject to any cure rights provided herein, have the right to terminate this Agreement, remove the Solar System from the Property, and/or use any other remedy available to HDMC in this Agreement or granted by law or equity; provided, however, that as long as any outstanding balance remains on your financing, if any, HDMC shall not have the right remove or restrict delivery of electricity to you from the Solar System.

#### **19. Exclusions**

- (a) This Agreement does not include an obligation by HDMC or any of its agents, subcontractors or



representatives to: (i) remove or dispose of any hazardous substances, including asbestos, that exist on the Property; (ii) repair or improve the construction of the roof or the Property to support the Solar System, including ground stability for ground-mounted systems; (iii) install or repair a fence; (iv) remove or replace existing rot, rust, or insect infested structures; (v) provide structural framing for any part of the Property; (vi) pay for or correct construction errors, omissions and deficiencies by you or your contractors, including, but not limited to, repairs required for your Property to comply with local building codes; (vii) pay for, remove or remediate mold, fungus, mildew, or organic pathogens; (viii) upgrade your existing electrical service; (ix) install any smoke detectors, sprinklers or life safety equipment required by municipal code or inspectors as a result of the Solar System installation; (x) pay for the removal or re-location of equipment, obstacles or vegetation in the vicinity of the Solar System; (xi) pay for any costs associated with municipal design or architectural review, or other specialty permits (this includes cost to attend any public hearings, notification of neighbors, or additional drawings required); (xii) paint electrical boxes or conduit at the Property; (xiii) upgrades for utility access, such as special locks or 24-hour access gates; (xiv) pay for the review, permitting or fees required by your Homeowners Association ("HOA"); (xv) any studies or permitting beyond a basic building permit; (xvi) professional engineering or architecture services; (xvii) removal of trees or other vegetation; and (xviii) move items unassociated with the Solar System around the Property.

## 20. Miscellaneous

- (a) You agree that this Agreement constitutes the entire agreement between you and HDMC. If any provision is declared to be invalid, that provision will be deleted or modified, and the rest of the Agreement will remain enforceable. The terms of this Agreement that expressly or by their nature survive termination shall continue thereafter until fully performed, which shall include, without limitation, the obligation to make payments hereunder.
- (b) This Agreement shall be interpreted in accordance with and governed by the laws of the State of California, without regard to the conflict of laws principles thereof.
- (c) You agree that HDMC has the right to recheck your consumer credit report if the Full Energy Payment remains unpaid.
- (d) You agree that HDMC has the right to obtain photographic images of the Solar System and the Property, and to use such photographic images for internal and quality control purposes. HDMC will not use photographic images of the Solar System or the Property in its marketing and promotional materials without first obtaining your express written approval.
- (e) This Agreement supersedes any prior understandings, agreements, or representations by or between the parties, written or oral, to the extent they related in any way to the subject matter hereof.
- (f) Any notice or other communication to be made hereunder, even if otherwise required to be in writing under other provisions of this Consent or any other documents or agreements that have been provided to you in connection with this Consent, may alternatively be made in an electronic record transmitted electronically to the electronic addresses provided by you. Any notice or other communication made in electronic form will have the same legal effect and enforceability as if made in non-electronic form.
- (g) This Agreement is binding upon, and inures to the benefit of, the parties and their respective heirs, executors, administrators, legal representatives, successors and assigns.
- (h) If you are using PACE to pay the amounts due by you to HDMC under this Agreement, then the PACE Program Sponsor is a third-party beneficiary to this Agreement until you have satisfied and discharged your PACE commitment. No Amendment to this Agreement shall be effective unless (i) it is in writing and, so long as there remains any outstanding unpaid balance of the PACE Financing, (ii) has been consented to in writing by the PACE Program Sponsor.

## 21. Notice Regarding Payment and Performance Bonds



You have the right to require your contractor to have a performance and payment bond.

## 22. NOTICE OF RIGHT TO CANCEL

YOU MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE 3rd CALENDAR DAY AFTER YOU SIGN THIS AGREEMENT AND ANY DEPOSIT PAID WILL BE REFUNDED. YOU MAY SEND THIS NOTICE VIA MAIL OR EMAIL. SEE EXHIBIT C, NOTICE OF CANCELLATION FORM, FOR AN EXPLANATION OF THIS RIGHT.

By initialing below, you expressly acknowledge that you have been advised on your right to cancel this Agreement and have received duplicate copies of the Notice of Cancellation.

Accepted by (Initials): \_\_\_\_\_


## 23. Addendum to Agreement

The Addendum attached hereto is incorporated herein and supersedes and controls in regard to any conflicting provisions in this Agreement.

### HDMC AND/OR ITS AFFILIATES

Signature:   
Printed Name: Jeffrey Hawkinson  
Title: Managing Member  
Date: 4/29/2020

[CUSTOMER NAME – PRIMARY ACCOUNT HOLDER]

Signature:   
Printed Name: Nicole R. Zieba  
Account Email: paul.melikian@reedley.ca.gov  
Date: 4/16/2020

[CUSTOMER NAME – SECONDARY]

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Account Email: \_\_\_\_\_  
Date: \_\_\_\_\_

[OTHER OWNERS OF RECORD TO BE LISTED HERE FOR SIGNATURE]





Exhibit A  
ESTIMATED ANNUAL GENERATION TOWARDS THE  
PREPAID OUTPUT

(1) Contract Year	(2) Estimated Annual kWh towards Prepaid Output	(3) Estimated cumulative % of the Prepaid Output
1	25,642	25,642
2	25,450	51,092
3	25,259	76,350
4	25,069	101,420
5	24,881	126,301
6	24,695	150,996
7	24,510	175,505
8	24,326	199,831
9	24,143	223,974
10	23,962	247,937
11	23,782	271,719
12	23,604	295,323
13	23,427	318,750
14	23,251	342,002
15	23,077	365,079
16	22,904	387,983
17	22,732	410,715
18	22,562	433,276
19	22,392	455,669
20	22,224	477,893



EXHIBIT B

LEGAL NOTICES

LEGAL NOTICE FOR CALIFORNIA HOME IMPROVEMENT CONTRACTS

MECHANICS LIEN WARNING

(Calif. Business & Professions Code §7159(e)(4)).

**MACHANICS LIEN WARNING:** Anyone who helps improve your property, but who is not paid, may record what is called a mechanics' lien on your property. A mechanics' lien is a claim, like a mortgage or home equity loan, made against your property and recorded with the county recorder. Even if you pay your contractor in full, unpaid subcontractors, suppliers, and laborers who helped to improve your property may record mechanics' liens and sue you in court to foreclose the lien. If a court finds the lien is valid, you could be forced to pay twice or have a court officer sell your home to pay the lien. Liens can also affect your credit. To preserve their right to record a lien, each subcontractor and material supplier must provide you with a document called a "20-day Preliminary Notice." This notice is not a lien. The purpose of the notice is to let you know that the person who sends you the notice has the right to record a lien on your property if he or she is not paid.

**BE CAREFUL.** The Preliminary Notice can be sent up to 20 days after the subcontractor starts work or the supplier provides material. This can be a big problem if you pay your contractor before you have received the Preliminary Notice. You will not get Preliminary Notices from your prime contractor or from laborers who work on your project. The law assumes that you already know they are improving your property.

**PROTECT YOURSELF FROM LIENS.** You can protect yourself from liens by getting a list from your contractor of all the subcontractors and material suppliers that work on your project. Find out from your contractor when these subcontractors started work and when these suppliers delivered goods or materials. The wait 20 days, paying attention to the Preliminary Notice you receive.

**PAY WITH JOINT CHECKS.** One way to protect yourself is to pay with a joint check. When your contractor tells you it is time to pay for the work of a subcontractor or supplier who has provided you with a Preliminary Notice, write a joint check payable to both the contractor and the subcontractor or material supplier. For other ways to prevent liens, visit the Contractors' State License Board (CSLB) Internet Web site at [www.cslb.ca.gov](http://www.cslb.ca.gov), or call CSLB at 1-800-321-CSLB (2752).

**REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING A LIEN PLACED ON YOUR HOME.** This can mean that you may have to pay twice or face the forced sale of your home to pay what you owe.

By initialing below, you acknowledge receipt of the foregoing legal notice.

Accepted by (Initials):





## INFORMATION ABOUT CONTRACTORS' STATE LICENSE BOARD (CSLB)

(Calif. Business & Professions Code §7159(e)(5)).

The CSLB is the state consumer protection agency that licenses and regulates construction contractors. Contact CSLB for information about the contractor you are considering, including information about disclosable complaints, disciplinary actions, and civil judgments that are reported to CSLB.

Use only licensed contractors. If you file a complaint against a licensed contractor within the legal deadline (usually four years), CSLB has authority to investigate the complaint. If you use an unlicensed contractor, CSLB may not be able to help you resolve your complaint. Your only remedy may be in civil court, and you may be liable for damages arising out of any injuries to the unlicensed contractor or the unlicensed contractor's employees.

For more information:

Visit CSLB's Internet Web site at [www.cslb.ca.gov](http://www.cslb.ca.gov)

Call CSLB at 1-800-321-CSLB (2752)

Write CSLB at P.O. Box 26000, Sacramento, CA 95826

By initialing below, you acknowledge receipt of the foregoing legal notice.

Accepted by (Initials):





**EXHIBIT C**  
**NOTICE OF CANCELLATION**

DATE: \_\_\_\_\_  
(Enter date of transaction)

YOU MAY CANCEL THIS TRANSACTION, WITHOUT ANY PENALTY OR OBLIGATION, WITHIN THREE CALENDAR DAYS FROM THE ABOVE DATE.

IF YOU CANCEL, ANY PROPERTY TRADED IN, ANY PAYMENT MADE BY YOU UNDER THE CONTRACT OR SALE, AND ANY NEGOTIABLE INSTRUMENT EXECUTED BY YOU WILL BE RETURNED WITHIN 3 CALENDAR DAYS FOLLOWING RECEIPT BY THE HDMC OF YOUR CANCELLATION NOTICE AND ANY SECURITY INTEREST ARISING OUT OF THE TRANSACTION WILL BE CANCELLED.

IF YOU CANCEL YOU MUST MAKE AVAILABLE TO THE HDMC AT YOUR RESIDENCE, IN SUBSTANTIALLY AS GOOD CONDITION AS WHEN RECEIVED, ANY GOODS DELIVERED TO YOU UNDER THIS CONTRACT OR SALE; OR YOU MAY, IF YOU WISH, COMPLY WITH THE INSTRUCTIONS OF THE HDMC REGARDING THE RETURN SHIPMENT OF THE GOODS AT THE HDMC'S EXPENSE AND RISK.

IF YOU DO MAKE THE GOODS AVAILABLE TO THE HDMC AND THE HDMC DOES NOT PICK THEM UP WITHIN 20 DAYS OF THE DATE OF YOUR NOTICE OF CANCELLATION, YOU MAY RETAIN OR DISPOSE OF THE GOODS WITHOUT ANY FURTHER OBLIGATION.

IF YOU FAIL TO MAKE THE GOODS AVAILABLE TO THE HDMC, OR IF YOU AGREE TO RETURN THE GOODS TO THE HDMC AND FAIL TO DO SO, THEN YOU REMAIN LIABLE FOR PERFORMANCE OF ALL OBLIGATIONS UNDER THE CONTRACT.

TO CANCEL THIS TRANSACTION, MAIL OR DELIVER A SIGNED AND DATED COPY OF THIS CANCELLATION NOTICE OR ANY OTHER WRITTEN NOTICE TO HDMC AT , NOT LATER THAN MIDNIGHT OF \_\_\_\_\_(DATE)

I HEREBY CANCEL THIS TRANSACTION.

DATE: \_\_\_\_\_

CUSTOMER SIGNATURE: \_\_\_\_\_



NOTICE OF CANCELLATION MAY BE SENT TO HDMC AT THE ADDRESS NOTED ON THE FIRST PAGE OF THIS CONTRACT.

DUPLICATE COPY

### NOTICE OF CANCELLATION

DATE: \_\_\_\_\_  
(Enter date of transaction)

YOU MAY CANCEL THIS TRANSACTION, WITHOUT ANY PENALTY OR OBLIGATION, WITHIN THREE CALENDAR DAYS FROM THE ABOVE DATE.

IF YOU CANCEL, ANY PROPERTY TRADED IN, ANY PAYMENT MADE BY YOU UNDER THE CONTRACT OR SALE, AND ANY NEGOTIABLE INSTRUMENT EXECUTED BY YOU WILL BE RETURNED WITHIN 3 CALENDAR DAYS FOLLOWING RECEIPT BY THE HDMC OF YOUR CANCELLATION NOTICE AND ANY SECURITY INTEREST ARISING OUT OF THE TRANSACTION WILL BE CANCELLED.

IF YOU CANCEL YOU MUST MAKE AVAILABLE TO THE HDMC AT YOUR RESIDENCE, IN SUBSTANTIALLY AS GOOD CONDITION AS WHEN RECEIVED, ANY GOODS DELIVERED TO YOU UNDER THIS CONTRACT OR SALE; OR YOU MAY, IF YOU WISH, COMPLY WITH THE INSTRUCTIONS OF THE HDMC REGARDING THE RETURN SHIPMENT OF THE GOODS AT THE HDMC'S EXPENSE AND RISK.

IF YOU DO MAKE THE GOODS AVAILABLE TO THE HDMC AND THE HDMC DOES NOT PICK THEM UP WITHIN 20 DAYS OF THE DATE OF YOUR NOTICE OF CANCELLATION, YOU MAY RETAIN OR DISPOSE OF THE GOODS WITHOUT ANY FURTHER OBLIGATION.

IF YOU FAIL TO MAKE THE GOODS AVAILABLE TO THE HDMC, OR IF YOU AGREE TO RETURN THE GOODS TO THE HDMC AND FAIL TO DO SO, THEN YOU REMAIN LIABLE FOR PERFORMANCE OF ALL OBLIGATIONS UNDER THE CONTRACT.

TO CANCEL THIS TRANSACTION, MAIL OR DELIVER A SIGNED AND DATED COPY OF THIS CANCELLATION NOTICE OR ANY OTHER WRITTEN NOTICE TO HDMC AT , NOT LATER THAN MIDNIGHT OF \_\_\_\_\_(DATE)

I HEREBY CANCEL THIS TRANSACTION.

DATE: \_\_\_\_\_

CUSTOMER SIGNATURE: \_\_\_\_\_



### **Addendum to Power Purchase Agreement**

This Addendum to the Power Purchase Agreement ("Agreement") is incorporated into the Agreement by reference and the term and provisions hereof shall supersede and control any conflicting provisions of the Agreement.

The terms and provisions of California Streets and Highways Code Section 5899.2 ("Section 5899.2") attached hereto as Attachment A are applicable to and are incorporated into the Agreement. If there are any conflict between the provisions of Section 5899.2 and the Agreement, Section 5899.2 shall govern and control.



Attachment A

## STREETS AND HIGHWAYS CODE SECTION 5899.2

For the purpose of financing the installation of distributed generation renewable energy sources pursuant to this chapter, "permanently fixed" includes, but is not limited to, systems attached to a residential, commercial, industrial, agricultural, or other real property pursuant to a power purchase agreement or lease between the owner of the system and the owner of the assessed property, if the power purchase agreement or lease contains all of the following provisions:

- (a) The attached system is an eligible renewable energy resource pursuant to the California Renewables Portfolio Standard Program (Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code).
- (b) The term of the power purchase agreement or lease is at least as long as the term of the related assessment contract.
- (c) The owner of the attached system agrees to install, maintain, and monitor the system for the entire term of the power purchase agreement or lease.
- (d) The owner of the attached system is not permitted to remove the system prior to completion of the term of the contractual assessment lien.
- (e) After installation, the power purchase agreement or lease is paid, either partially or in full, using the funds from the contractual assessment program.
- (f) The right to receive the electricity from the system, through a power purchase agreement or lease or the right to the system itself, is tied to the ownership of the assessed real property and is required to be automatically transferred with the title to the real property whether the title is transferred by voluntary sale, judicial or nonjudicial foreclosure, or by any other means.
- (g) The power purchase agreement or lease identifies the public agency that is a party to the assessment contract on the real property as a third-party beneficiary of the power purchase agreement or lease until the assessment lien on the property has been fully paid and, only until that time, prohibits amendments to the power purchase agreement or lease without the consent of the public agency.
- (h) In order to ensure that the property owner is guaranteed the electric power from the system for the length of the lien, the system shall not be removed if the owner of the attached system is not performing its obligations under the contract, and one of the following is true:

1. The owner of the attached system does both of the following:

- A. Covenants in its contract with the property owner that neither the owner of the attached system nor any successor in interest will remove or permanently decommission the attached system during the term of the contract.
- B. Warrants in the contract with the property owner that no assignee, creditor, partner, or owner of the attached system's owner has, as of the date of the contract or during the remaining term of the contract, the right to remove or permanently decommission the attached system.

2. The owner of the attached system must be a bankruptcy remote special purpose entity that is bankruptcy remote and meets all of the following conditions:

- A. It does not engage in any business other than owning the attached systems and entering into electricity contracts with the homeowner.
- B. It has no material debt.
- C. Its contracts are either entered into with unrelated third parties or have terms negotiated at arm's length.



## SEIA® SOLAR PPA DISCLOSURE

This disclosure is designed to help you understand the terms and costs of your purchase of power from a solar electric system ("System"). It is not a substitute for the power purchase agreement ("PPA") and other documents associated with this transaction.

All information presented below is subject to the terms of your PPA.

Read all documents carefully so you fully understand the transaction.

For more information on being a smart solar consumer visit [www.seia.org/consumers](http://www.seia.org/consumers).

<b>PROVIDER: HDM Capital LLC</b>  Address: 4480 Oregon Street San Diego, CA 92116 Tel.: 1-800-836-5954 <u>License # (if applicable):</u> Email: customerservice@hdmcap.com	<b>INSTALLER:</b>  Address: 1030 Gettysburg Ave, #107 Clovis, ca 93612 Tel.: +15597657363 <u>State/County Contractor License #:</u> CSLB No. 1045634 Email: tgreco@centralvalleyenergy.com	<b>WARRANTY/MAINTENANCE</b>  <u>PROVIDER:</u> (If Different from Installer or Provider): <u>Address:</u> <u>Tel.:</u> <u>License # (If applicable)</u> <u>Email:</u>
<b>CUSTOMER: Faith House</b> Customer ID: Faith House System Installation Address: 1697 W. Huntsman Ave. Reedley, CA 93654 Mailing Address: 1697 W. Huntsman Ave. Reedley, CA 93654  * NOTE: YOU ARE ENTERING INTO AN AGREEMENT TO PURCHASE POWER, NOT TO PURCHASE THE SYSTEM. YOU WILL NOT OWN THE SYSTEM INSTALLED ON YOUR PROPERTY UNLESS YOU EXERCISE THE PURCHASE OPTION.		
<b>Electricity Rate &amp; Term (A)</b>  <input type="checkbox"/> Your initial rate per kilowatt-hour (kWh) for the electricity produced is \$_____. Your monthly payments will be the amount of energy the System produces times the above rate. <input type="checkbox"/> You have a fixed monthly payment PPA. Your monthly payment during the first year of the PPA is _____. <input checked="" type="checkbox"/> You are prepaying for a fixed amount of energy under this PPA <input type="checkbox"/> Your electricity rate is subject to other factors. See Box O for more information. The initial term of PPA is estimated to be: <input checked="" type="checkbox"/> 20 _____ Years <input type="checkbox"/> _____ Months	<b>Amount Due Up-Front (B)</b>  Amount you owe at PPA signing: \$0  Amount you owe at the commencement of installation: (Includes sales tax)  Amount you owe at the completion of installation: \$0  Total up-front payments you owe: \$53382	<b>Other Possible Charges (C)</b>  Other charges you may have to pay under your PPA:  <u>Late Charge:</u> <input type="checkbox"/> If a payment is more than _____ days late, you will be charged \$_____ OR <input checked="" type="checkbox"/> Late payments accrue interest at 1.5% monthly not to exceed the maximum allowable by law  <u>Estimated System Removal Fee: \$0</u>  <u>UCC Notice Removal and Re-filing Fee:</u> If you refinance your mortgage, you may have to pay \$0_____  <u>Returned Checks:</u> If any check or withdrawal right is returned or refused by your bank, you may be charged: \$25

<input checked="" type="checkbox"/> None <input type="checkbox"/> _____	(or a lower amount if required by law)  <u>Non-Connection to Internet:</u> If you do not maintain a high-speed internet connection, you will be charged a monthly fee of \$0 _____ and/or your monthly payments may be based upon estimates. Non-connection may affect any guarantee. See <u>Box J</u>  <u>Other:</u> You may be charged \$ _____ for
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#### Site & Design Assumptions for your PPA (D)

- Estimated size of the System in kilowatts: 18.6 (kWdc)
- Estimated gross annual electricity production in kilowatt-hours (kWh) from System in the first year of the contract: 25642
- Estimated annual System production decrease due to natural aging of the System: 0.75 %
- System location on your property: Ground mount
- System ☒ WILL ☐ WILL NOT be connected to the electric grid
- At the time of installation, your local utility ☒ DOES ☐ DOES NOT credit you for excess energy your System generates. The rules applying to such credit are set by your jurisdiction.

#### Security Filings (E)

Provider ☐ WILL ☒ WILL NOT place a lien on your home as part of entering the PPA.

Provider ☒ WILL ☐ WILL NOT file a fixture filing or a UCC-1 on the System. The UCC-1 is a public filing providing notice that Provider owns the System, but is not a lien.

#### System Maintenance & Repairs (F)

"System maintenance" refers to the upkeep and services required or recommended to keep your System in proper operation. System maintenance ☒ IS ☐ IS NOT included for 10 years by Installer (e.g., Installer, Maintenance Provider).

"System repairs" refers to actions needed to fix your System if it is malfunctioning. System repairs ☒ ARE ☐ ARE NOT provided by the Installer (e.g. Installer, Other).

Please review your PPA for additional information about any warranties on the System installation and equipment. Certain exclusions may apply. Note that equipment warranties for hardware are not required to include labor/workmanship.

#### Roof Warranty (G)

Your roof ☒ IS ☐ IS NOT warranted against leaks from the System installation for 5 years by Installer (e.g. Provider, Installer, Other).

Your roof ☐ IS ☒ IS NOT warranted against leaks caused by removal of the System for a period of \_\_\_\_\_

years following System removal. Any portions of your roof impacted by the System ☒ WILL ☐ WILL NOT be substantially returned to their original condition upon the removal of the System (ordinary wear and tear excepted).

#### Transferring Your PPA and Selling Your Home (H)

If you sell your home, you ☒ MAY ☐ MAY NOT transfer the PPA to the purchaser(s) of your home. If you may transfer the PPA, the transfer will be subject to the following conditions:

☐ Credit check on the purchaser(s)

☐ Minimum FICO score requirement: \_\_\_\_\_ ☐ Transfer fee of \$ \_\_\_\_\_

☒ Assumption of PPA, by purchaser(s)

☐ Other \_\_\_\_\_



If you sell your home, you ☐ ARE ☒ ARE NOT permitted to move the System to a new home.

You may also have the options to purchase the System or prepay some or all of the PPA balance as part of or prior to a transfer.

#### Transfer of Obligations by Provider (I)

The PPA may be assigned, sold or transferred by Provider without your consent to a third-party that will be bound to all the terms of the PPA. If such a transfer occurs, you will be notified if this will change the address or phone number to use for PPA questions, payments, maintenance or service requests.

#### System Guarantee (J)

In terms of your full System, Provider is providing you with a:

☒ System performance or electricity production guarantee

☐ Other type of System guarantee

☐ No System guarantee

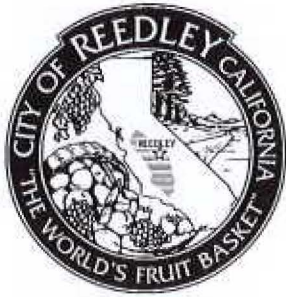
You may have additional guarantees or warranties in addition to those that cover the entire System.

#### Utility and Electricity Usage/Savings Assumptions (K)

You ☒ HAVE ☐ HAVE NOT been provided with a savings estimate ("Estimate") based on your PPA.

*If you HAVE been provided with an Estimate, Provider provides the following:*

Provider ☐ IS ☒ IS NOT guaranteeing these savings.



## REEDLEY CITY COUNCIL

- ☐ Consent
- ☒ Regular Item
- ☐ Workshop
- ☐ Closed Session
- ☐ Public Hearing

ITEM NO: 16

DATE: April 14, 2020

TITLE: REQUEST APPROVAL OF ITEMS PERTAINING TO THE COMMUNITY-BASED TRANSITIONAL HOUSING PROGRAM (FAITH HOUSE) LOCATED AT 1697 W. HUNTSMAN AVENUE

- A) APPROVE AND AUTHORIZE THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO LICENSE AGREEMENT WITH HOPE NOW MINISTRIES FOR OPERATION OF THE FAITH HOUSE TO CLARIFY TENANCY (LENGTH OF STAY) PROVISIONS
- B) APPROVE AND AUTHORIZE THE CITY MANAGER TO EXECUTE A POWER PURCHASE AGREEMENT WITH HDM CAPITAL, LLC FOR THE PURCHASE AND INSTALLATION OF AN 18.60 KILOWATT SOLAR SYSTEM AT THE FAITH HOUSE IN THE AMOUNT OF \$53,382
- C) ADOPT RESOLUTION NO. 2020-034 OF THE CITY COUNCIL OF THE CITY OF REEDLEY AMENDING THE FISCAL YEAR 2019-20 ADOPTED BUDGET APPROPRIATING \$60,882 IN THE COMMUNITY-BASED TRANSITIONAL HOUSING GRANT FUND FOR THE PURCHASE AND INSTALLATION OF A SOLAR SYSTEM FOR THE FAITH HOUSE

SUBMITTED: Paul A. Melikian, Assistant City Manager   
Rob Terry, Community Development Director

APPROVED: Nicole R. Zieba, City Manager 

### RECOMMENDATION

That the City Council approve and authorize the City Manager to execute: 1) Amendment No. 1 to a License Agreement with Hope Now Ministries for operation of the FAITH House to clarify tenancy (length of stay) provisions; 2) a Power Purchase Agreement with HDM Capital, LLC for the purchase and installation of an 18.60 kilowatt solar system on the property for \$53,382; and 3) adopt Resolution No. 2020-034 amending the current year budget to appropriate \$60,882 in Community-Based Transitional Housing Grant funds for the purchase and installation of the solar system.

### BACKGROUND

#### License Agreement Amendment No. 1

On April 10, 2018, via Resolution 2018-19, City Council approved entering into a License Agreement with Hope Now Ministries for the operation of a community-based temporary living facility at 1697 W Huntsman Avenue. The license agreement contains two chapters; the first which details the lease of the facility, and the second which details the overall roles and responsibilities for operation of the program. Within Chapter 2 of the agreement, notations are made regarding the operator's facilitation of a vetting and application process, as well the maintenance of a valid conditional use permit. During



discussions for the placement and approval of the aforementioned items, a timeline concerning “tenancy” or “length of stay” was discussed – establishing the understanding that initial tenancy would be allowed for 30 days, with allowance for a one-time 30-day extension; and that tenancy would not be allowed to exceed 60 days. While these items are clearly part of the record, documented within both staff reports and meeting minutes and practiced by the approved operator, specific notation of this was not made within the License Agreement.

Following nearly two years of successful operations, Hope Now Ministries has approached the City to discuss extending this timeline, as the additional support system approvals and processes associated with assisting those admitted to the program often require more than 60-days to accommodate. Given the request for timeline adjustment, and the lack of previous definition notation for “tenancy” or “length of stay,” additional language within Chapter 2, Section B is desired to (1) ensure notation of tenancy timelines, and (2) accommodate the need for additional timing to assist admitted tenants through the program.

#### Power Purchase Agreement with HDM Capital, LLC

Hope Now Ministries staff have identified the electricity costs at the property as one of the ongoing challenges in controlling operational expenditures, incurring between \$7,000 to \$8,000 annually for this service. Given the size of the property that the FAITH House is on, there is adequate room to consider the installation of a ground mounted solar system to reduce or eliminate entirely electricity costs. A ground mounted system is a good option for this property as there is not enough roof space on the two-story house to place enough panels to cover all the electricity usage, and maintenance (cleaning) of the system is far easier.

Hope Now Ministries solicited three solar proposals from local companies, with a proposal from Central Valley Energy Solutions selected as the lowest cost proposal of \$53,382. Their proposal included an option to, in effect, ‘lease’ the system for seven years from HDM Capital, LLC, which would allow the City to take advantage of the 26% Federal tax credit for solar projects. Without the tax credit, the system would cost the City between \$65,000-\$70,000. This is due to a private investor being able to take advantage of the tax credit and depreciation (through direct ownership of the system), whereas a public agency does not benefit from this favorable tax treatment.

Under the terms of the agreement with HDM Capital, LLC, the only cost the City will incur will be the upfront payment of \$53,382. Hope Now Ministries will continue to be responsible for payment of the electricity bill with Pacific Gas & Electric; however, the ongoing cost would only be a true-up bill should the usage exceed the energy generated by the solar arrays. Central Valley Energy Solutions sized the system to be roughly 114% of the current energy usage, so there is an adequate buffer to minimize large true-up bills. In addition to the up front payment, City staff and Hope Now Ministries agree that a fence and traffic control bollards should be installed to secure the perimeter, and the estimate for this work of \$7,500 has been included in the attached budget amendment resolution.

The term of the Power Purchase Agreement is seven years. At the end of the Agreement, HDM Capital, LLC will effectuate the transfer of ownership of the system to the City of Reedley at no additional cost. Until the transfer is made, HDM will be responsible for all maintenance and warranty work, except the periodic cleaning of the panels.

Central Valley Energy Solutions estimates that the solar system will save the facility \$236,990 over a 25 year period based on current usage, and immediately begin saving Hope Now Ministries between \$7,000-\$8,000 annually. This significant savings is expected to help the efforts to achieve long-term financial sustainability of the operation. The solar project will be owned by the City, installed on a City-owned property, and paid for by unallocated Transitional Housing grant funds. The system is targeted to be online by June 2020.

### Environmental Analysis

Environmental Assessment No. 2020-2, determined that the proposed solar placement project is exempt by CEQA General Rule Section 15061(b)(3), as well as Categorical Exempt based upon Sections 15301 (Class 1/Existing Facilities), 15303 (Class 3/New Construction or Conversion of Small Structures) and 15304 (Class 4/Minor Alterations to Land) of the California Environmental Quality Act (CEQA) Guidelines.

### ATTACHMENTS

Amendment No. 1 to License Agreement with Hope Now Ministries  
Solar Proposal from Central Valley Energy Solutions  
Power Purchase Agreement with HDM Capital, LLC  
Budget Amendment Resolution No. 2020-034  
CEQA Notice of Exemption



## AMENDMENT NO. 1

### to the License Agreement between the City of Reedley and Hope Now Ministries for Operation of the FAITH House at 1697 W. Huntsman Ave

This Amendment No. 1 ("Amendment") is agreed upon and effective on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, ("Effective Date") by and between the City of Reedley, a municipal corporation, ("City"), and Hope Now Ministries, a non-profit organization currently operating under the Heritage Church of God 501c3 ("Operator"). This Amendment is intended to provide clarification for items relating to the License Agreement between the two parties, effective as of April 11<sup>th</sup>, 2018. This Amendment does not constitute a material change to any other section of the previously executed License Agreement beyond that expressly listed below, nor does it exempt either the Operator or the City from any commitment listed therein.

#### WITNESS

**WHEREAS**, on April 10, 2018, via Resolution 2018-19, the City Council of the City of Reedley authorized the City Manager to enter into an Agreement with Operator regarding the operation of a non-profit, community-based temporary living facility at 1697 W Huntsman Ave; and

**WHEREAS**, Chapter 2, Section B detailed the Operator's commitment to facilitate a vetting and application process to determine admission into the facility/program; and

**WHEREAS**, notation of "tenancy" or "length of stay" for those admitted into the program was not specifically listed within the Agreement, but was discussed in the City Council Staff Report to be as follows:

*"For the families admitted, tenancy will be allowed for 30-days, with allowance for a one-time 30-day extension under extenuating circumstances. Under no circumstance will tenancy be allowed to exceed 60-days."*

**WHEREAS**, following nearly two-years of successful operations, the Operator has approached the City to discuss extending this timeline, as the additional support system approvals and processes associated with assisting those admitted to the program often require more than 60-days to accommodate.

**WHEREAS**, given the request for timeline adjustment, and the lack of previous definition notation for "tenancy" or "length of stay," additional language within Chapter 2, Section B is desired to (1) ensure notation of tenancy timelines, and (2) accommodate the need for additional timing to assist admitted tenants through the program.

NOW, THEREFORE, in consideration of the above recitals, the parties agree that Chapter 2, Section B of the License Agreement entered into April 11, 2018 between the City of Reedley and Hope Now Ministries for Operation of the FAITH House at 1697 W. Olsen Ave is amended to include the following bullet point:

- For the families admitted, tenancy will be allowed for 60-days, with allowance for up to two 60-day extensions allowed under extenuating circumstances, on a case-by-case basis, as determined by the Operator, with all such details of extension timing and reasoning shared with the City within 10 business days of such determination, as allowed under law. Under no circumstance will tenancy be allowed to exceed 180-days.

IN WITNESS THEREOF, the parties have caused their authorized agents to execute this Agreement as of the date first set forth above:

CITY OF REEDLEY,  
a municipal corporation

By: \_\_\_\_\_  
Nicole R. Zieba, City Manager

HOPE NOW MINISTRIES  
a non-profit organization operating under the 501c3 of Reedley Heritage Church of God

By: \_\_\_\_\_  
Ken Baker, Director